

**Colorado Department of  
Public Health and Environment**

# **Performance Management Program Implementation**

Office of Human Resources  
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## Introduction

### Overview

The purpose of performance management at the Colorado Department of Public Health and Environment is to promote excellence in state government by increasing the accountability of employees and rewarding employees based on their individual performance. The components of the program are performance management, which includes the cycle of planning, feedback and appraisal, and performance pay, which is consistent with the performance management guidelines established for all state agencies. Other aspects of the plan include dispute resolution, training, communication and reporting results.

### History

The original performance-based pay program, titled Colorado Peak Performance (CPP), was mandated by legislation passed in 1996. It required all state agencies to implement the new pay system over a three-year period. The Colorado Department of Public Health and Environment opted to implement CPP in the second year beginning July 1, 1999.

Various total quality improvement teams were involved in developing the performance management system within the department, which include the performance management tools, and the line of sight principles to guide the department in its implementation of the performance management program.

## Guiding Principles

The following guiding principles were adopted to guide the department in implementing performance management:

### **I. “Paradigm Shift”**

Performance-based pay and performance-based management required employees to undergo a “paradigm shift” from the traditional system of reward for longevity. Because of this shift, the performance planning and evaluation tool is subject to change as the needs of the department change. To this end, the department shall continue to evaluate the tool and make any necessary changes.

### **II. “No Surprises”**

“No Surprises” means that employees and supervisors shall have an ongoing dialogue, both formal and informal, regarding the development and implementation of the employee’s performance plan, objectives, and revisions throughout the evaluation period. This dialogue is in addition to the required mid-year and final review.

Supervisors shall provide practical and ongoing coaching and feedback regarding performance. This includes establishing performance planning and evaluation activities that require active participation by both supervisor and staff to ensure that the final review is not a “surprise.”

### **III. “Balanced Scorecard”**

The concept of “balanced scorecard” means that multiple pieces of information are to be considered during the planning and evaluation processes. Information may be collected from stakeholders, customers, peers, and direct reports to give the supervisor a “balanced” view of the individual employee’s performance.

### **IV. “Non-Numeric” Performance Levels**

Effective April 1, 2005, the department adopted a “non-numeric” evaluation process. Performance evaluations are based on qualitative ratings that are converted to one of the statewide rating levels. Definitions of the rating levels are described in section VI of this plan. Level 1 indicates unsatisfactory performance or “needs improvement.” Any employees rated at a Level 1 shall have the opportunity to bring their performance up to Level 2 or better before any adverse action affecting pay, status, or tenure is taken against them.

### **V. Allocation of “Achievement pay”**

The department’s allocation of “achievement pay” shall be based on the percentage for base and non-base achievement pay for performance levels set by the state personnel director, which is done according to available funding statewide. All performance awards are based on the final overall rating and are effective on July 1.

Achievement pay shall not be based on quotas or forced distribution for determining the number of ratings in any of the performance levels.

### **VI. Subjectivity**

While there is an element of subjectivity in the appraisal process, the department shall address this issue through the following actions:

1. A commitment to specific and measurable individual performance goals and/or Specific Elements for each core factor;
2. Administration of training, guidance and updates;
3. Incorporation of at least an annual mid-year review;
4. Incorporation of the role of the reviewer or next level supervisor; and
5. Application of the department’s dispute resolution process.

## Performance Management Process

There are three critical elements to the department's performance management system: planning, coaching and feedback, and evaluation. The performance management cycle provides the basis for the performance-based pay component. The performance appraisal cycle shall run from April 1 through March 31 of each calendar year. Final appraisals shall be completed by April 30 of each calendar year. The performance management cycle is as follows:

### Performance Planning

1. Employee performance plans are to be aligned with the mission, strategic plan and priorities of the department, division and work unit. Each employee shall have access to a copy of the department's and the division's strategic plan and any work unit goals to ensure alignment with the department's overall mission and goals.
2. Each employee shall know what is expected of him/her to be an effective performer and to actively participate in the process. Performance plans shall include descriptions of desired results and how they shall be measured.
3. Individual plans shall be completed within 30 days of the completion of the evaluation period, and shall cover the subsequent rating year. Supervisors shall complete plans for new or transferred employees within 30 days.
4. Individual plans shall be completed using the department's Performance Evaluation and Planning System (PEPS).
5. Plans shall include the core competencies adopted by the Department of Personnel and Administration for every employee and cannot be disregarded in the final rating for each employee. Individual performance goals (IPGs) can either be established separately or be built into the elements of the Core Competencies. The number of IPGs for a given employee is at the discretion of the division director.
6. Although supervisors are responsible for developing performance plans for each of their employees, they are expected to involve employees in the planning process to the greatest extent possible. In addition, supervisors and employees shall discuss professional growth and training opportunities on an annual basis.
7. A designated reviewer shall review the plan to assure that the supervisor has followed the department's guidelines in establishing the plan. Usually, the second level supervisor is the reviewer.
8. Supervisors who fail to establish performance plans for their employees are not eligible for any performance salary adjustment. Appointing authorities are responsible for assuring each supervisor has developed performance plans for their employees.
9. Supervisors who fail to complete performance plans for their respective employees within the specified time lines are subject to corrective action. If the plan is not completed within 30 days of the corrective action, the supervisor shall face disciplinary suspension without pay in one-day increments, according to Personnel Board Rules and Personnel Director's Administrative Procedures 6-5.
10. In the event a supervisor is deemed unable or fails to complete a performance plan for a respective employee, the next level supervisor is responsible for completing the plan and on up the chain of command until the plan is completed as required by law.

11. All supervisors shall have a factor in their own performance plans that measures and evaluates the effectiveness of their performance management of their employees.

## **Coaching, Feedback, and Mid-Year Review**

1. The supervisor is required to meet with the employee periodically during the course of the year to review performance, to coach and to provide feedback. Employees who are new or who are working under performance improvement plans need meetings that are more frequent.
2. The coaching and feedback session shall provide the employee with information regarding performance that is positive as well as the areas needing improvement or additional work. At the same time, the employee has a responsibility to keep the supervisor informed of concerns or perceived problems in meeting the agreed upon performance expectations.
3. Modifications to the employee's performance plan may be necessary during the performance cycle. If so, the modifications shall be documented in the Performance Evaluation and Planning System (PEPS) and approved by the employee, supervisor, and reviewer.
4. All classified employees shall receive a formal progress review (mid-year) at least once during the rating cycle. September 30 is the mid point for the department's performance appraisal cycle. Such reviews shall be completed by no later than October 31 of each calendar year, by completing the "Progress Review" form in PEPS.
5. The mid-year review of an employee's performance shall be an indicator of how the employee would be rated if the review were the final performance evaluation for the rating cycle.
6. A full evaluation shall be completed if an employee's performance at the mid-year review is rated overall at Level 1. In addition, a corrective action or performance improvement plan shall accompany the evaluation, if such action or plan has not already been executed.
7. For employees working under performance improvement plans, a mandatory review shall be held at least every 90 days until the improvement goal is reached or corrective or disciplinary action is initiated.

## **Performance Evaluation**

1. Supervisors are responsible for providing a final evaluation at the end of the performance cycle for their employees. The evaluation compares actual performance against the plan. Appointing authorities are responsible for ensuring each supervisor has conducted performance appraisals for those employees he or she supervises.
2. State personnel guidelines stipulate that a supervisor is responsible for rating each of his or her employees. The department's program requires that employees have the opportunity to provide input into their performance rating prior to the rating being given.
3. Completed evaluations are due no later than April 30 of each calendar year. Evaluations are done in the Performance Evaluation and Planning System (PEPS).
4. If an employee has more than one supervisor, it is the responsibility of the supervisors to jointly evaluate the plan for that employee, balancing the evaluation to the greatest extent possible.
5. Supervisors who fail to evaluate an employee's performance are subject to corrective and disciplinary action as mandated by Colorado Revised Statutes 24-50-104 and the Personnel Board Rules and Personnel Director's Administrative Procedures 6-5. The supervisor who fails to complete performance ratings may be disciplinarily suspended in increments of one workday following a pre-disciplinary meeting.

6. The Office of Human Resources is responsible for tracking all employee evaluations and notifying the division director when a supervisor has failed to conduct an evaluation of an employee's performance for the previous year.
7. A designated reviewer reviews an employee's completed evaluation. It is the responsibility of the reviewer to ensure performance evaluations have been done with consistency and fairness before final overall ratings are provided to employees. Ultimately, each division director is responsible for maintaining quality control over the performance management practices in his or her division.
8. Supervisors are not required to complete an annual performance evaluation for employees hired within three months or 90 days of the rating deadline. A default rating of Level 2 is assumed unless the supervisor assigns an interim rating.
9. Supervisors are required to complete an annual performance evaluation for employees who may be on leave at the end of the rating deadline. A comment shall be entered into PEPS that the employee was unavailable to sign. The employee shall sign the rating upon his or her return.
10. If an employee moves to a position under another appointing authority or work unit by transfer or promotion during a performance cycle, an interim overall evaluation shall be completed in PEPS within 30 days of the move.
11. If an employee moves to another state agency, the supervisor losing the employee shall complete an interim overall evaluation in PEPS no later than 10 days from the employee's last day. The Office of Human Resources shall forward the personnel file of the employee to the receiving agency.
12. Employees shall be evaluated on three levels of performance. These are the uniform statewide rating level definitions that appear below and in PEPS.
13. Employees given a final evaluation of Level 1 or the "Needs Improvement" level shall be given a corrective action or performance improvement plan at the time the evaluation is received by the employee, unless such action or plan has already been executed or other arrangements have been made to improve performance.
14. Employees receiving two corrective actions within the rating cycle may be subject to disciplinary action.
15. Overall ratings are final when the supervisor, reviewer and employee have completed the process in PEPS.

## **Performance Measures**

- I. There are five common Core Competencies for all employees, and six for supervisors/managers. These core competencies shall be included in every employee's performance appraisal.
  1. Accountability: Employee's work behaviors demonstrate responsible personal and professional conduct, which contribute to the overall goals and missions of the department.
  2. Communication: The employee effectively communicates by actively listening and sharing relevant information with co-workers, supervisor(s) and customers so as to anticipate problems and ensure the effectiveness of the department. Interacted with team members, internal and external customers respectfully, valued opinions and ideas from persons of different backgrounds and cultures.
  3. Job Knowledge: The employee is skilled in the job-specific knowledge that is necessary to provide the appropriate quantity and quality of work in a timely and efficient manner.

4. **Interpersonal Skills:** The employee maintains smooth working relations by successfully interacting with others around him/her. The employee develops and maintains effective relationships, gains confidence and trust, considers and responds tactfully to the needs of others, takes personal responsibility for own words and actions, respects the opinions of others, etc.
  5. **Customer Service:** The employee works effectively with internal/external customers to satisfy service expectations. Takes into account differences in internal and external customers' circumstances and concerns in formulating decisions and effective solutions.
  6. **Human Resources/Performance Management (supervisors and managers only):** Supervisors and managers use their skills to create and communicate work unit objectives that support the department's strategic plan. In addition, values diversity by creating a work environment that encourages open communication, mutual trust, inclusion, and one in which employees are listened to regardless of positions.
- II. Each competency can be further described through Specific Elements, which are added to the plan.
  - III. Individual Performance Goals (IPGs) also may be written to further describe performance expectations.

## Rating Levels

### Definition of Level 3 (Exceptional)

This rating represents consistently exceptional and documented performance or consistently superior achievement beyond the regular assignment. Employees make exceptional contribution(s) that have a significant and positive impact on the performance of the unit or the organization and may materially advance the mission of the organization. The employee provides a model for excellence and helps others to do their jobs better. Peers, immediate supervision, higher-level management and others can readily recognize such a level of performance.

### Definition of Level 2 (Successful)

This rating level encompasses a range of expected performance. It includes employees who are successfully developing in the job, employees who exhibit competency in work behaviors, skills, and assignments, and accomplished performers who consistently exhibit the desired competencies effectively and independently. These employees are meeting all the expectations, standards, requirements, and objectives on their performance plan and, on occasion, exceed them. This is the employee who reliably performs the job assigned and may even have a documented impact beyond the regular assignments and performance objectives that directly supports the mission of the organization.

### Definition of Level 1 (Needs Improvement)

This rating level encompasses those employees whose performance does not consistently and independently meet expectations set forth in the performance plan as well as those employees whose performance is clearly unsatisfactory and consistently fails to meet requirements and expectations.

Marginal performance requires substantial monitoring and close supervision to ensure progression toward a level of performance that meets expectations. Although these employees are not currently meeting expectations, they may be progressing satisfactorily toward a level 2 rating and need coaching/direction in order to satisfy the core expectations of the position.

### Division Review of Level 3 Ratings

Each division is required to establish a review process for all final performance evaluations that are rated as Level 3. This review process shall determine that consistent, objective data have been used to substantiate the rating. A division director may further specify the criteria required from supervisors in the documentation and a method for resolving disagreements.



## Achievement Pay

- I. All achievement pay shall be effective with the July payroll. Base building adjustments are permanent and paid as regular salary.
- II. Employees shall have to be on the payroll July 1 following the completion of the rating cycle in order to receive any annual performance award.
- III. The employee's current department as of July 1 is responsible for payment of the adjustment.
- IV. Employees evaluated at Level 1 are not eligible for a performance salary adjustment.
- V. Employees receiving a final overall rating other than Level 1 (needs improvement) are eligible to receive base-building achievement pay up to the maximum of the pay range.
- VI. Employees rated as Level 3 (exceptional) are eligible to receive non-base-building achievement pay in addition to base-building achievement pay. Additionally, employees rated as Level 3 are eligible to receive any remaining portion of base-building achievement pay that exceeded the pay range maximum as a one-time lump sum payment in the July payroll.
- VII. Award Eligibility
  1. An employee awarded a Level 1 interim rating during the evaluation period but who received an overall annual performance rating of Level 2 or above is eligible for (but not guaranteed) a full performance salary adjustment.
  2. An employee who receives at the end of the rating cycle a final rating of Level 1 is not eligible for an annual performance award for the previous year's performance.
  3. If base pay is at grade maximum or in saved pay above the maximum, the employee is ineligible for an annual performance award.
  4. Employees hired into the system during the performance cycle are eligible to receive the full percentage of base and non-base achievement pay on July 1st (based on the overall rating received).
  5. An employee who separates from employment with the department before the end of the fiscal year does not qualify for an annual performance award.
  6. Source of funds (e.g., cash or general), method of funding (e.g., appropriated, memorandum of understanding, or grant), and length of state service shall not be criteria for distinguishing between non-base and base building or combination of both for performance salary adjustments.
  7. An employee granted an annual performance award shall not be denied the adjustment because of a corrective or disciplinary action issued for an incident after the close of the previous performance cycle.

## Dispute Resolution

The dispute resolution process is a process for resolving issues related to performance management. Its purpose is to provide a fair avenue for employees of the Colorado Department of Public Health and Environment to resolve disputes at the lowest level. Retaliation against any person involved in the dispute resolution process is prohibited.

The department adopted the state personnel director's procedures regarding disputes, as outlined in Chapter 8 of the Personnel Board Rules and Personnel Director's Administrative Procedures, "Dispute Resolution."

The dispute resolution process is similar to the grievance process; however, it is different in several significant ways. The timelines are shorter in the dispute resolution process than the grievance process. The use of dispute resolution is specific to the issues relating to performance management (identified below) but it is not used if an employee receives a corrective action as a result of a Level 1 rating. If the employee disagrees with the corrective action and seeks relief, then the grievance process shall be used. The external stage of the dispute resolution process is decided by the State Personnel Director; whereas, a grievance decision may be appealed to the State Personnel Board.

The dispute resolution system for the performance management program has two stages: the department internal stage and the Colorado Department of Personnel & Administration external stage.

### Internal Stage

- I. Issues subject to the dispute resolution process:
  1. The individual performance plan, including the lack of a plan during the planning cycle.
  2. The individual final overall performance evaluation, including the lack of a final overall evaluation.
  3. Application of the department's performance management program to an employee's plan and/or final overall evaluation.
- II. Issues not subject to dispute resolution:
  1. The content of the department's performance management program.
  2. Matters related to the funds appropriated.
  3. Performance evaluations and achievement pay of other employees.
- III. A department's decision involving an individual performance plan or an evaluation concludes at the internal stage and no further recourse is available.
- IV. Employees may escalate the review process to the Department of Personnel & Administration for an external review only for issues involving the application of the department's performance management program to an employee's plan and/or evaluation.
- V. For issues disputable at the external stage, the employee shall be given written notice of the filing process, including the filing deadline, the filing address and the requirement to include in the submission a copy of the original written dispute and the agency's final decision.

### External Stage

- I. Only issues involving the application of the department's performance management program to the performance plan and/or evaluation may advance to this stage. The state personnel director administers this stage.
- II. Individuals reviewing issues at the external stage shall not substitute their judgment for that of the rater, reviewer or the department's dispute resolution decision maker at the internal dispute stage.
- III. Individuals reviewing issues at the external stage have authority to instruct the rater(s) to:

1. Follow the department's performance program.
  2. Correct an error.
  3. Reconsider an individual performance plan or overall evaluation.
  4. Suggest other processes such as mediation.
- IV. Disputes eligible for review at the external stage shall be forwarded to the: "State Personnel Board, Attention: Dispute Resolution Process, 633 17<sup>th</sup> Street, Suite 1320, Denver, CO 80202-3604," within five (5) working days from the date of the department's final decision.
1. The request for review by the state personnel director shall include a copy of the original dispute, issues presented to the department and a copy of the department's final decision.
  2. The state personnel director may select a qualified neutral third party to review the matter.
  3. The state personnel director shall issue within 30 days a written decision that is final and binding.

## Employee's Responsibility

- I. The employee shall try to resolve the dispute on an informal basis within five (5) calendar days of knowledge of the action or practice by notifying his/her supervisor or second-level supervisor that he or she wants to have an informal discussion. An informal discussion shall occur within five (5) calendar days of the supervisor's notification.
- II. If the dispute is not resolved during the informal discussion, the employee may request the assistance of a mediator. Although mediation is optional, it is strongly encouraged.
  1. The mediator serves as a neutral third party to facilitate a discussion of issues between the supervisor and the employee. In so doing, the mediator assists the supervisor and the employee in clarifying, narrowing and settling issues. The mediator is not to make any judgments or recommendations regarding issues in the dispute.
  2. If a supervisor requests the assistance of a mediator to resolve a dispute, the employee is encouraged to attend at least one joint-mediation session.
- III. The timeframe for the supervisor's response is suspended while the parties are in mediation.
- IV. If the dispute is not resolved during the informal discussion and/or mediation, the employee may file a formal written dispute.
  1. The employee shall put his or her dispute in writing on the Grievance/Dispute Form, attach supporting documentation and submit the dispute to the appointing authority within three (3) calendar days of being notified of the supervisor's decision regarding the informal discussion or the conclusion of mediation.
  2. Only the issue(s) as originally presented in writing are considered throughout the dispute resolution process.
  3. The employee shall submit a copy of the Grievance/Dispute Form to the Office of Human Resources and to the supervisor.
- V. At the discretion of the supervisor, employees may be granted up to two (2) hours of administrative leave to prepare their disputes, in addition to the time required to attend the first-step meeting with the supervisor, mediation and the second meeting with the appointing authority in the dispute process. An employee may be granted up to two (2) hours of administrative leave to meet and to confer with the employee's representative.
- VI. No party has an absolute right to legal representation, but may have an advisor present.

## Respondent's or Supervisor's Responsibility

- I. Respondents, supervisors and/or appointing authorities shall review employee disputes submitted to them and take the appropriate action to resolve the dispute at the lowest possible level. The

employee shall be informed of the decision within two (2) business days of the informal discussion initiated by the employee.

1. Individuals making a final decision are limited to reviewing the facts surrounding the current action within the limits of the department's program.
  2. The decision-maker shall issue a written decision to the employee, to the supervisor and to the Office of Human Resources within the timelines outlined in this policy.
  3. The decision maker cannot render a decision that would alter the department performance management program.
- II. If a supervisor wants to informally resolve the dispute prior to the employee filing a formal written dispute, but cannot reach agreement with the employee, then the supervisor may request the assistance of a mediator. Employees are encouraged to attend at least one mediation session, if requested by the supervisor.
- III. Delegation of authority to render a final determination of a dispute shall be in writing and shall be approved by the appointing authority.
- IV. Although Chapter 8 of the Personnel Board Rules and Personnel Director's Administrative Procedures, "Dispute Resolution," allows the appointing authority to delegate or to appoint an objective person or panel to make recommendations, the Colorado Department of Public Health and Environment does not adopt such a practice.
- V. The department's executive director may delegate final authority on any grievance matter that she or he may review.
- VI. The appointing authority shall render a final decision within ten (10) days of receipt of the formal written dispute, unless waived or modified by all parties. This decision is limited to addressing the facts surrounding the dispute, and it is not intended to be a substitute for the judgment of the rater.
- VII. Allegations of Discrimination
1. Allegations of discrimination under Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967 and the Americans with Disabilities Act are subject to the grievance process described in the Colorado Department of Public Health policy, "Grievances," 10.15.
  2. The Human Resources director or a delegee may conduct an investigation if a grievance alleges discrimination, harassment or retaliation.

## Training and Communication

- I. Performance management training is mandatory for all supervisors.
- II. All employees and supervisors are required to attend an orientation to and/or training in the department's performance management program.
- III. Topics covered in the department's training on performance management include the following:
  - 1. Overview of the department's Performance Management Program
  - 2. Performance Management Cycle
  - 3. Employee Performance Plans
  - 4. Core Competency Factors
  - 5. Feedback and Coaching
  - 6. Performance Management Summary Form
  - 7. Evaluating Employee Performance
  - 8. Writing Rating Narratives
  - 9. Determining Performance Level
  - 10. Performance-based Pay
  - 11. Dispute Resolution
  - 12. Department Rewards and Recognition Program
- IV. The department's training covers the development of good performance measures in the Specific Elements of the Core Competencies and the Individual Performance Goals (IPGs). The complete course is available on the department's intranet site.
- V. Also contained on the intranet are various documents designed to help supervisors with performance management. Examples include:
  - 1. Supervisor's Checklist – Performance Management
  - 2. Progressive Discipline Technical Assistance
  - 3. Problem Diagnosis and Plan (a worksheet)
  - 4. Performance Improvement Plan format
  - 5. Counseling Form
- VI. Performance management information is disseminated to employees through various communication methods, which include:
  - 1. Newslink, the department's publication distributed to all department employees
  - 2. Postings on the intranet
  - 3. Electronic mail to employees, supervisors, and personnel liaisons
  - 4. Periodic updates at meetings of senior management, division directors, and division management teams
  - 5. Periodic information meetings conducted throughout the department

## Reporting

- I. As required by law and the State of Colorado's parameters, the department shall develop tools to track and report performance ratings and annual performance award information. The Office of Human Resources, the Budgeting Office and the Information Technology Section shall work cooperatively to gather information required to generate reports.
- II. Human Resources shall compile and submit an annual report to the State Personnel Director that includes the following information:
  1. Total dollars budgeted
  2. Total dollars awarded
  3. Amount of base and non-base achievement pay
  4. Distribution of ratings
  5. Timeliness and completion of plans and ratings
  6. Sanctions imposed
  7. Dispute resolution requests and outcomes
  8. Training conducted
- III. At the end of each performance cycle, various reports on the results shall be made available to supervisors and senior management. This shall serve as a resource for further refinement of the program.

As approved by

_____ MARTHA E. RUDOLPH Executive Director Colorado Department of Public Health and Environment	_____ DATE
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February, 2010